

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF TRANSPORTATION
INNOVATIVE PROJECT DELIVERY DIVISION
MEMORANDUM

GENERAL SUBJECT:	<u>Public-Private Transportation Act (PPTA) projects</u>	NUMBER:	<u>IPD 06-01.0</u>
		DATE:	<u>April 26, 2006</u>
SPECIFIC SUBJECT:	<u>Objective criteria and guidance for selection of candidate PPTA projects</u>	SUPERSEDES:	<u>N/A</u>
		SUNSET/ EXPIRES:	<u>In effect until superseded</u>

Original Signature on File
Thomas W. Pelnik, III P.E.
Director, Innovative Project Delivery Division

PURPOSE: Provide guidelines for identification, evaluation and selection of candidate PPTA projects to be developed in accordance with §56.556-574.

OBJECTIVE: Clarify VDOT's objective for new PPTA construction projects to assist internal personnel and private sector partners to identify mutually desirable project and business opportunities. These guidelines are intended to (i) assist VDOT personnel with identification of projects for solicited proposals, and (ii) assist private entities by clarifying VDOT objectives for unsolicited proposals for projects that include new construction.

BACKGROUND: The PPTA legislation (§56.556-574), as amended, permits the submittal of unsolicited proposals from private entities to a responsible public entity (RPE), such as the Virginia Department of Transportation (VDOT) and solicited proposals from a RPE to the private sector. VDOT updated its implementation guidelines effective October 31, 2005 in accordance with amendments made in Chapter 504 of the 2005 Acts of the General Assembly.

To assist with the effective review, selection and management of these proposals, Innovative Project Delivery Division (IPD) has developed a process for the identification, evaluation and selection of potential PPTA candidate projects. Standardization and documentation of the evaluation process will ensure that PPTA projects promote the priorities of VDOT, serve a public purpose, and meet the needs identified in state, regional and local transportation plans.

Identification of the Candidate Projects

Proposed projects should be consistent with the Commonwealth's objectives as provided in the Six Year Improvement Plan (SYIP), and other pertinent state, regional and local transportation plans. Project development should be completed to a stage that promotes interest among private entities and competition during procurement. Successful projects will comply with the requirements and intent of the PPTA and sound transportation policy to encourage investment in the Commonwealth by private entities in the development and/or operation of qualifying transportation facilities.

Unsolicited Proposals – In accordance with the PPTA and the Commonwealth's implementation guidelines, private entities may submit an unsolicited proposal at any time. If a proposal is accepted by VDOT, a public notice will be posted to initiate a competitive procurement process.

Solicited Proposals – In accordance with the PPTA and the Commonwealth's implementation guidelines, VDOT may solicit proposals for private entities to develop and/or operate qualifying transportation facilities.

IPD Division will coordinate with planning, programming, and preliminary engineering divisions in the central office and the districts to identify potential PPTA projects that meet minimum evaluation and selection guidelines as defined in the next section. In addition, IPD will solicit ideas for potential projects from external sources such as Metropolitan Planning Organizations (MPO), industry groups and private entities.

IPD will review a candidate project relative to the project evaluation criteria noted below to determine if it has the potential to meet minimum requirements of a qualifying transportation facility as defined in the law and Commonwealth's implementation guidelines. In addition, IPD will determine if a potential project meets the objectives of this memorandum, and is of sufficient value to develop a recommendation and finding of public interest.

Procedures for Project Evaluation

Each potential candidate project will be reviewed by IPD, utilizing the guidelines noted below, to determine if the Director of IPD will generate a formal recommendation to utilize resources of the Department for additional evaluation. Positive recommendations will be submitted to the Chief Engineer for approval to advance the project pursuant to the PPTA.

The following evaluation criteria are listed from the most basic objectives to the highest ranked objectives for candidate PPTA projects. Criteria 1 through 3 are basic requirements for consideration of competitive procurement on the basis of fixed price and delivery dates. Projects satisfying criteria 4 through 6 will be the highest ranked PPTA candidates.

Criterion 1: Does the proposed project address specific needs identified in the state, regional, or local long-range plan? If not, what is the process of development that will allow the candidate project to address the identified needs?

Criterion 2: Does the proposed project address specific needs identified in the SYIP and/or a regional fiscally constrained long-range plan? If not, are other financial alternatives available to make the project financially feasible?

Criterion 3: Has the project scope been defined and does it include multimodal and/or intermodal components; a preliminary cost estimate, a preliminary schedule, and have the project limits been identified. Have these items been developed at a level to make a critical evaluation of the financial, environmental, engineering and community benefits/impacts? How do the proposed schedule and necessary resources impact other priorities?

Criterion 4: Has the NEPA environmental review process been completed? If not, what level of environmental review has been initiated?

Criterion 5: Is the project likely to attract strong private equity investment and/or generate toll revenue to pay for all or a significant portion of the project costs, freeing up public transportation funds for use on other priority projects? Can the project be procured using a competitive bid or a competitive negotiation process?

Criterion 6: Can the project generate excess revenue that may be shared between the private entity and VDOT and/or concessions to provide funds for other transportation priorities in the corridor?

The following list of issues is intended to provide additional clarity which will be considered with each of the above mentioned criterion. This list does not contain all the issues to be considered, but will assist the user with greater focus on questions that should be addressed.

Criterion 1: Needs Identification and Planning

- Included in regional (MPO) unconstrained transportation or comprehensive plans?
- Included in county, city or town comprehensive plan?
- If not, what is the duration for inclusion?

- What are the community benefits/impacts?
- Criterion 2: Coordination with transportation programs and plans
 - Included in the VDOT Six Year Improvement Plan (SYIP)?
 - Included in the appropriate MPO's Constrained Long Range Plan (CLRP)?
 - Included in the State Transportation Improvement Plan (STIP) or local Transportation Improvement Plan (TIP)?
 - If not, what are the durations for inclusion and what are the benefits/impacts to the specific plan?
- Criterion 3: Project Description and Background
 - What are the general project limits?
 - Has an LD-430 been developed and approved?
 - Has the scope been discussed on a local, regional or statewide level?
 - Are multimodal and intermodal components a part of the solution?
 - Have cost estimates and schedules been developed and coordinated with other priorities?
 - Will access management be a challenge along the corridor and how will it affect the project financial feasibility?
- Criterion 4: Environmental Documentation
 - Has the SERP process been initiated and/or completed?
 - Have federal environmental studies been conducted or approved (NEPA FONSI, CE, or ROD)?
 - If so, what are the commitments, mitigation factors and possible impacts of implementation?
 - If not, what is the duration, cost and resources needed to initiate the environmental process?
 - Has the environmental review process identified any additional risks to obtaining necessary permits? If so, have those risks been mitigated?
- Criterion 5: Private Investment and Revenue sources
 - Can the project generate revenues from user fees or alternative sources? If public funds are required, how much?
 - Have there been discussions with the private sector about the project? What were the results?
 - What are the estimated costs and will the revenues sources cover the cost or a portion of the estimated costs?
 - Can the project be procured via the PPTA or D/B? Is a concession agreement feasible?
- Criterion 6: Revenue potential and benefit
 - Could the project have a revenue positive financial plan and revenue sharing potential?
 - Is the project an existing VDOT asset or will development and construction costs impact the revenue projections?

Selection and Approval

If it has been determined by IPD that the candidate project meets or exceeds a majority of the project evaluation criteria and is in accordance with the minimum requirements of the PPTA and implementation guidelines, a recommendation memorandum will be developed by the IPD Director for the Chief Engineer's review. The Chief Engineer has the option of rejecting the candidate project, requesting additional information or recommending approval to the Commissioner.

If approval is recommended, the Chief Engineer will brief the Commissioner on the background, benefits and impacts of the candidate project. The Commissioner also has the option of rejecting the candidate project, requesting additional information or recommending approval to advance project development and procurement pursuant to the PPTA.

Objective Criteria for Candidate PPTA Projects

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If approved by the Commissioner to advance as a PPTA procurement, a notice will be placed on the IPD website with an anticipated schedule of development. Once development of the proposal is initiated by VDOT, all unsolicited proposals, pertaining to or having a related or similar scope, submitted pursuant to the PPTA will not be accepted pending the completion of the evaluation of responses to the planned RFP. Any unsolicited proposals will be returned to sender.

Contact Information

The PPTA legislation and VDOT program continue to evolve. VDOT welcomes suggestions for projects or programmatic procedures. Contact any of the following personnel relative to VDOT's PPTA program.

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